

STATE OF NORTH CAROLINA  
COUNTY OF CLEVELAND

IN THE OFFICE OF  
ADMINISTRATIVE HEARINGS  
14 DHR 09301

CLEVELAND VOCATIONAL )  
INDUSTRIES, INC., )  
 )  
Petitioner, )  
 )  
v. )  
 )  
PARTNERS BEHAVIORAL HEALTH )  
MANAGEMENT, )  
 )  
Respondent. )  
 )  
 )  
\_\_\_\_\_ )

**SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is entered into effective April 15, 2015 by and between Cleveland Vocational Industries, Inc. (“CVII”) and Partners Behavioral Health Management (“Partners BHM”)(collectively “Parties” and individually “Party”), subject to full execution by all Parties.

**WITNESSETH:**

WHEREAS, Partners is a Local Management Entity/Managed Care Organization (“LME/MCO”) as defined at N.C.G.S. 122C-3(20c), and manages publicly-funded mental health, intellectual/ developmental disability and substance abuse services for consumers enrolled in the following eight (8) counties: Burke, Catawba, Cleveland, Gaston, Iredell, Lincoln, Surry and Yadkin Counties (“Partners BHM’s Catchment Area”); and

WHEREAS, CVII is a provider of publicly-funded community behavioral health services to recipients in Partners BHM’s Catchment Area under contracts with Partners BHM to do so; and

WHEREAS, Partners BHM issued a Tentative Notice of Overpayment (TNO) dated August 14, 2014, with detailed adverse findings, notifying CVII of Partners BHM's initial determination that CVII had received Medicaid and non-Medicaid overpayments for 1,462 supported employment (SE) claims regarding 19 consumers with dates of service (DOS) between November 6, 2013 and April 2, 2014 (“Disputed Claims”), totaling \$182,897.64, plus penalties and interest provided by law, subject to repayment to Partners BHM; and

WHEREAS, on internal administrative dispute by CVII with and reconsideration by Partners BHM, Partners BHM reduced that overpayment/repayment obligation to \$36,784.19, plus penalties and interest, as reflected in a letter from Partners BHM to CVII dated October 24, 2014; and

WHEREAS, CVII challenged this Partners BHM final decision by filing on December 17, 2014 a Petition for Contested Case Hearing against Partners BHM in the North Carolina Office of Administrative Hearings (OAH) docketed as case number 14 DHR 09301; and

WHEREAS, the Parties desire to compromise and settle any and all existing, threatened and potential disputes, claims, or rights between them as to this TNO and Disputed Claims;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants hereinafter set forth, for agreed upon consideration, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties, for themselves and their predecessors, successors, managers, assigns, officers, directors, employees, and agents, agree as follows:

1. The settlement effected by this Agreement is a compromise of disputed claims, made to avoid the uncertainty and expense of litigation. The promises and terms agreed to herein are not to be construed as an admission of any liability, nonconformity, error, or other deficiency on the part of any Party, alleged or unalleged. Any such liability, nonconformity, error, or other deficiency is expressly denied by the respective Parties.

2. CVII will dismiss with prejudice its Petition for Contested Case Hearing 14 DHR 09301 against Partners BHM within three (3) business days of receiving the complete execution of this Agreement.

3. CVII agrees to pay Partners BHM the sum of Thirty-Six Thousand, Seven Hundred Eighty-Four Dollars and Sixteen Cents (\$36,784.16) ("Settlement Amount") in full compromise and settlement of the Disputed Claims. Petitioner owes no penalty or interest as long as it pays the agreed upon amount in accordance with the terms of this Agreement. Full and final payment shall be made by sixteen (16) consecutive weekly recoupments of \$2,299.01 each, the first of which shall be recouped by Partners BHM from the first available scheduled Partners BHM check write date to providers following the effective date of this Agreement, currently appearing to be April 28, 2015. Should any amount of clean claims to be paid to CVII be insufficient to cover the pending installment amount owed, that amount plus any others will rollover to and be recouped from the next check write, unless paid by CVII at its option before the next check write cycle cutoff date, generally seven (7) calendar days prior to the check write date. While CVII can pre-pay any or all of the settlement amount owed at any time with no penalty, under no circumstances will the amount owed to Partners BHM be unpaid in full by the end of the 16th check write date, August 18, 2015. Should there be any balance remaining owed to Partner BHM at that time, CVII will have three (3) business days to make payment to Partners BHM for that full remaining amount. Any such lump sum remainder payment or other direct, unrecouped payments by CVII shall be made via wire transfer or in the form of a certified check or cashier's check payable to Partners Behavioral Health Management and delivered by 5pm (ET), Friday, August 21, 2015 to the following address: 901 S. New Hope Road, Gastonia, North Carolina 28054. If payment is not timely made, CVII acknowledges and consents to Partners BHM immediately recovering the remaining settlement amount, plus all previously waived interest and penalties, by immediate recoupment or consecutive recoupments from any additional payments otherwise to be made to CVII by Partners BHM for any services or obligations. The Parties acknowledge and agree that each timely recoupment and payment is a material term of this Agreement, including full payment by August 18, 2015, 5 p.m. CVII may

contact Partners BHM Finance Department at any time regarding balances owed, recoupments made or pending, and scheduled check cycle cutoff and write dates. The Parties agree and acknowledge that nothing in this Agreement changes, modifies or otherwise impacts their respective obligations and rights under any existing or future contracts between the other Parties, unless expressly so provided.

4. Partners BHM agrees to accept payment of the Settlement Amount on these terms, including waiving penalties and interest, in full compromise and settlement of the Disputed Claims.

5. The Parties agree within thirty (30) calendar days of execution of this Agreement to reach a mutually agreed upon Plan of Correction (POC) addressing the matters raised in Disputed Claims, to be implemented within fifteen (15) calendar days thereafter. Regardless of the language in the POC, Paragraph 1 of this Agreement is not waived and the POC shall not be construed as an admission of any liability, nonconformity, error, or other deficiency on the part of any Party with respect to the Disputed Claims and this settled case.

6. Each Party agrees that it will not disclose the terms of this Agreement to anyone (except to its attorneys, accountants, employees who need to know the terms of this Agreement in order to carry out their job responsibilities, corporate affiliates, parents, and subsidiaries, all of whom agree to abide by the disclosure restrictions set forth in this paragraph), except as required by law, including in response to a request from regulators or as required under the NC Public Records law. Where redaction of the settlement amount is reasonably permitted by law, the responding Party will do so.

7. The Parties represent and agree that they will not disparage or defame the other Party, or any person associated with the other Party, or make any public statements that may be reasonably anticipated to be detrimental to the good name or business representation of the other Party.

8. All attorney's fees, costs, or expenses related to all cases and disputes described herein shall be borne by each Party individually, and no claim for such fees, costs or expenses shall be made.

9. Each Party hereby releases the other, its current and former officials, employees, agents, and representatives, from any and all liability and causes of action that have arisen or may arise only out of the Disputed Claims and 14 DHR 09301.

10. This Agreement constitutes the entire understanding and agreement between the Parties with respect to the subject matter hereof, and there are no promises, understandings, or representations other than those set forth herein. This Agreement supersedes any and all other prior agreements and drafts regarding the subject matter hereof. This Agreement may not be amended or modified except by a writing signed by both of the Parties or their duly authorized representatives.

11. This Agreement shall be construed and governed according to the laws of the State of North Carolina. If any provisions of this Agreement are held to be invalid or unenforceable, all other provisions shall nevertheless continue in full force and effect.

12. Each Party acknowledges that it has carefully read this Agreement, knows the contents thereof, and executes the Agreement voluntarily as its own free act. Each Party further acknowledges that it has conferred to the extent that it has deemed appropriate with legal counsel regarding this Agreement prior to its execution.

13. This Settlement Agreement may be executed electronically and/or in counterparts, each of which shall be an original, all of which taken together shall constitute one and the same instrument. The Parties may exchange signatures on this Settlement Agreement by e-sign software, facsimile or email which shall be acceptable and deemed binding as if originals.

14. The undersigned represent and warrant that they are authorized to enter into this Agreement on behalf of the Parties and do so with full understanding of its terms and advice or opportunity for advice of counsel.

15. This Agreement is binding on the Parties' predecessors, successors, managers, assigns, officers, directors, employees, and agents.

16. This Agreement is effective on April 15, 2015, upon the occurrence of the complete execution of this Agreement. However, the aforementioned deadlines begin on and run from the date of the full execution of this Agreement or other dates specified herein and not the effective date.

THIS SETTLEMENT AGREEMENT agreed and executed by the Parties hereto:

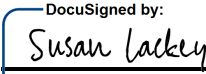
**CLEVELAND VOCATIONAL INDUSTRIES, INC.**

By:  Date: 4/15/2015 | 9:29 AM ET  
35DD58DD88AC495  
 Linda McKnight  
 Executive Director

**PARTNERS BEHAVIORAL HEALTH MANAGEMENT**  
**A Local Management Entity/Managed Care Organization**

By:  Date: 4/15/2015 | 9:59 AM PT  
AB2FAD00730F4A4...  
 Rhett Melton  
 CEO

*Per N.C. Gen. Stat. § 159-28, this instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.*

 4/14/2015 | 4:18 PM PT  
 Susan Lackey, Finance Director, Partners BHM **DATE**